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EWP

27 January 1964

MEMORANDUM FOR THE RECORD

SUBJECT: Visit with Mr. Archibald Alexander, ACDA

25X1A9a 1. Pursuant to initiative taken by ACDA, Mr. Alexander (Assistant Director, Economic Bureau) visited this Agency on 15 January 1964. This meeting was attended by Messrs. [REDACTED] 25X1A9a [REDACTED] in addition to myself. The focal point of the meeting was an ACDA draft of terms of reference for a possible project on the structure of Soviet industry with reference to the production of armaments.

2. The project as proposed actually was a composite of two projects:

a. The derivation of such refined details about the Soviet armament industry that a high confidence monitoring system might be devised, and

b. A input-output table for the entire economy to permit the tracing of the effects of the reduction of armaments production.

25X1A9a 3. Because the latter aspect of the problem did not require access to compartmentalized intelligence we confined our meeting to the first topic. (I promised Mr. Alexander that I would be in touch with [REDACTED] when he returns from his trip and would be in communication with ACDA on the second matter later.) The following points were made:

a. That in the "destruction of weapons" phase which would proceed production limitation, missile sites as opposed to missiles alone should be destroyed.

b. That the refined structure of industry requirement was no longer the ACDA objective; rather the objective was to ascertain if intelligence could support the new requirement or if it would be necessary to get an outside contractor.

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c. That the new requirement reduced itself to whether or not we could check out with a considerable degree of confidence declared listings (on the part of the Soviets) of arms plants, especially in the first instance, those involved in the provision of strategic offensive and strategic defensive systems.

d. That the intelligence community knows enough to be able to give some considerable assurance as to whether or not Soviet declarations as to production facilities were genuine and complete, and, therefore, whether or not peremptory challenges need be spent. (The various sectors, ships, aircraft, missiles, land armaments, etc., were reviewed with Mr. Alexander to give him some depth on intelligence strengths and weaknesses in this regard.)

e. That the only way in which an outside contractor could be of assistance with respect to this problem would be in support of the intelligence community (ascertaining critical relationships from US data or experience, for example) rather than in substitution for or competition with the community.

4. Because the US proposal involves declaration of producing facilities, some regular inspections and a capability for having peremptory inspections; because there is no other way in which ACDA might be supported in this respect; and because intelligence information and/or confirmation of intelligence estimates may well be enhanced as the result, I intend to recommend a) that Mr. Alexander be informed that we will undertake to be his primary support, b) that a specialist in D/M be nominated to be responsible for the exercise, c) that this specialist be asked to come up in fairly short order with any necessary proposals for outside contracts in support of the exercise and d) a further meeting with Alexander be arranged when these proposals are ready or when it has been ascertained that no outside contract is necessary. (I emphasize this last point because Mr. Alexander is faced with bureaucratic problems related to the commitment of funds during the fiscal year.)

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Chief, Military Expenditures Branch, D/M, ORR

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